

United States House Committee on Agriculture

Monday, May 8, 2006
4-H Building, Island Grove Park
Greeley, CO.

Testimony provided by:
Jeff Deeds
Northwest Kansas Grain Producer

Chairman Goodlatte and Members of the House Agriculture Committee, thank you for the opportunity to appear before you today and share with you some concerns I have with the current farm bill. My name is Jeff Deeds and I, along with my wife and three young sons, own and operate a farm in Goodland, Kansas.

I am a fifth generation farmer in northwest Kansas. On our farm we produce wheat, corn, sunflowers, both confectionary and oil, sorghum, soybeans and pinto beans. Our operation consists of approximately 4,500 acres. There are 1,100 acres that are irrigated with water from the Ogallala aquifer. We have been engaged in a no-till farming system for the last ten years. Our area has been in a drought for the last six years.

Since 1987, when I entered production agriculture on a full time basis, we have expanded our farm by renting and purchasing land. We have an up to date equipment line but we have not purchased a new tractor, off the lot, in 17 years. We use the latest in GPS technology available to efficiently sow and fertilize the crop. We employ the newest seed technology to reduce herbicide and insecticide use and cost. We have invested in equipment that has made our irrigation more efficient thereby reducing the number of gallons pumped. We have incorporated into our operation new production practices and new technology that has made us more efficient and, we had hoped, more profitable.

Agriculture has been, and always will be, highly unpredictable. With all of my investment in the best management practices I still can not control the

weather. I can soil sample for the right nutrients for the crop, I can choose the right seed genetics and the right pesticides but I still cannot make it rain. Even on our irrigated land, the water I apply is only supplemental to our typical annual rainfall.

Like many of my peers, when Freedom to Farm was first introduced, I was very excited about the possibilities that it held; to finally let the market work and allow me to produce according to what the market demand was. The 2002 farm bill changed some of the focus and was created in an environment where high yields and low prices were the norm. Since 2000, when the drought in my area started, we have seen low yields year after year. In order for the Farm Bill to work you have to have yields, in order for the insurance program to work you cannot have multi-year losses. For the last six years that is where I have been, low yields and multi-year losses.

With the drought that has been in place for the last six years our guaranteed insurance yields have been declining. For some the decline has been so drastic that purchasing the insurance no longer makes sense. I do not need to tell you that input prices have sharply increased in the last five years; you only need to look at the price of a gallon of gas to realize that. Most of my crop inputs are based on petroleum, not only diesel for the trucks and tractors, but also fertilizer and chemicals. We try to use what risk management tools are available to mitigate the risks that are involved.

One of the risk management tools that is available is crop insurance but, as the crop insurance structure exists today, it is inefficient and most of the time is out of step with what I as a producer need. Rulings come from RMA that are confusing and sometimes go just opposite of what best practices are for my farm. With the decline of my yields because of the drought and the increase in the cost of insurance, I can not justify the cost of buying up additional coverage. I can not get close to covering my production costs with crop insurance, but I can not get financing from my bank or participate in the government programs without being enrolled in the crop insurance program.

My greatest risk is not that I will lose 100% of my crop; it is that I will lose 40%. If I lose 100%, I do not have the additional cost to harvest. If I lose 40%, I still have the expense of harvesting the crop, I will not receive any

insurance indemnity and I will not have produced enough bushels to cover my actual production costs. I need an insurance product that I can choose the level of coverage that I require for my operation. For example, if I need \$400 per acre coverage for my irrigated corn, I would like to be able to purchase that amount of coverage. I would also like to be rated on what I can historically produce, not penalized for the freak storm or long term drought that has affected my yields.

An example of how crop insurance is not keeping in step with research is in the use of irrigation water and yields. Under current regulations there is either fully irrigated or dry land production, there is not an insurance product that I can purchase that will cover reduced irrigation. Research shows that by reducing my seeding rate by 25% on my irrigated corn I can increase my net return per acre. By cutting my plant population I reduce my water, fertilizer, pesticide and seed expense. This practice would be better for my bottom line and the environment. However, current crop insurance classifications do not take into consideration any of that and while I may have somewhat limited my potential to produce a high yield, I have decreased my chances for a low yield or crop failure. Presently, I can only insure at a dry land insurance rate; as if I never applied any water. Dry land insurance yields do not come close to covering the additional cost of reduced irrigation over my typical dryland corn program.

I told you that I was a fifth generation farmer in northwest Kansas. And at 4,500 acres I may seem like a large farm, but in fact, I am just above average in size for my region. The reality is that I am preparing to be the last generation on the farm. This winter, instead of talking about what crops I was going to grow and what kind of financing I needed, my banker and I talked a lot about how much longer I could stand to take the kind of losses that I have in the last five years. Instead of talking about expansion of the farm we talked a lot about how to get out of farming, what an exit plan would look like and how to implement it. I, like many farmers my age, am at point where I need to make a decision on how best to preserve what equity my family and I have left in the farm. Most of the decisions rest on the outcome of this year's crop.

What keeps me in farming is the hope of a new day when agriculture can be part of the solution for America's dependence on oil, a hope for a season when yields and prices are high at the same time. And a hope that some day it will rain.

Once again I would like to thank you for the opportunity to speak today. I hope I have given you some insight of what it is to be a farmer in western Kansas, the decisions that we are faced with everyday. We are not hobby farmers, we do not have jobs in the city; this is our business and our livelihoods. We take production agriculture seriously and the impact that it has on our lives and our country. There are no easy answers, but with leadership from this committee and input from producers, my hope is that we can create a stable and secure safety net for American agriculture. Thank you and I will answer any questions that you have.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Jeff Deeds
2. Business Address: 1416 Arcade
Goodland KS 67735
3. Business Phone Number: 785 899-7230
4. Organization you represent: Kansas Agriculture
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
Production Agriculture 1987 - present
Kansas Sunflower Commission 2003 - present
Ground Water Management Dist #4 Board Member - 2006
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Jeff Deeds
Address: 1416 Arcade Goodland KS 67735
Telephone: 785 899-7230
Organization you represent (if any): _____

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____
Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____
Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: ☒

Signature: Jeff Deeds

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.